October 26, 2009

Mr. Russell G. Golden
Technical Director FASB
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

File Reference No. EITF0902

Re: Comment Letter – Proposed ASU Research and Development Assets Acquired and Contingent Consideration Issued in an Asset Acquisition

Mr. Golden:

Verizon Communications Inc. (Verizon) appreciates the opportunity to comment on the Proposed Accounting Standards Update “Research and Development Assets Acquired and Contingent Consideration Issued in an Asset Acquisition” (Proposed ASU). Verizon is one of the world’s leading providers of communication services and is a SEC registrant, classified as a Large Accelerated Filer.

Verizon agrees that acquired R&D assets should be capitalized regardless of whether they are purchased through an asset acquisition or a business combination. In addition, we agree with the proposed accounting for contingent consideration paid as part of an acquired asset.

The effective date and transition are appropriate based on the prospective treatment for all acquisitions occurring in fiscal years beginning on or after December 15, 2009.

Thank you for the opportunity to comment.

Regards,

Michael W. Morrell
Vice President – Finance
1. Do you agree that the cost of acquired tangible and intangible research and development assets acquired in an asset acquisition should be capitalized, regardless of whether they have a future alternative use? Why or why not?

Yes, we agree. We believe there should be consistent accounting treatment for acquired R&D assets regardless of whether the assets were acquired in a business combination or an asset acquisition.

2. Do you agree that contingent payment arrangements in an asset acquisition should not be recognized at fair value unless those arrangements are derivatives?

Yes, we agree that contingent consideration should continue to be accounted for in accordance with existing U.S. GAAP. In doing so, we acknowledge that there is a difference in the way that contingent consideration is accounted for under the fair value model and the asset acquisition model (cost).

3. This proposed Update does not provide guidance for determining whether a contingent payment relates to future services or consideration for the asset acquired. Paragraph 805-10-55-25 provides guidance for determining whether payments made to the seller in a business combination after the acquisition date relate to the acquisition of the business or the performance of future services by the seller. Do you believe that additional guidance if necessary for assisting in making this determination in an asset acquisition? If you believe additional guidance is necessary, please provide any factors that you believe should be considered in making this determination.

We believe no additional guidance is necessary in making the determination of whether a contingent payment is related to future services. We believe the existing guidance provides for reasonable direction in which individual companies can make this assessment. To issue additional prescriptive guidance would not be consistent with the FASB’s approach to implement principles based guidance.